GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:4062
ANSWERED ON:23.08.2005
DIRECT SELLING
Gangwar Shri Santosh Kumar

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government has approved direct selling like multilevel/network marketing in India;

(b) if so, the details of direct selling companies, Company-wise;

(c) whether some direct selling companies are operating without approval;

(d) if so, the details thereof, Company-wise;

(e) the role of Indian Direct Selling Association in this regard; and

(f) the steps being taken by the Government to check such companies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a) & (b) Direct selling companies like M/S Amway India, M/S Avon Beauty India Private Ltd, M/S Herbalife , M/s Oriflame , M/S Tupperware India, M/S Sunrider India have obtained necessary Government approval from Foreign Investment Promotion Board (FIPB).

(c) & (d) As per Indian Direct Selling Association (IDSA), there are more than 200 direct selling firms operating in India and most of them are small and regional players. The firms account for over 60% of all goods sold through direct selling route in India. The direct selling firms are predominantly unorganized and the information on the approvals taken by such firms is not available.

(e) The IDSA is a self-regulating industry association that mandates its members to operate within the strict provisions of a code of ethics prescribed by the World Federation of Direct Selling Association. The code of ethics sets out fair and ethical principles that induce a congenial and healthy environment for the direct selling industry. Consumers are protected against illegal or unethical practices through the enforcement of the code.

(f) The Government is in dialogue with the IDSA in this regard.